

DERRY
COLL
332.1
cof

DERRY PUBLIC LIBRARY
64 E. BROADWAY
DERRY, NH 03038

A HISTORY
DERBY BANK & TRUST COMPANY
CORNERSTONE FINANCIAL CORPORATION

Cornerstone Financial Corporation Holding Company

Derry Bank & Trust Company

A HISTORY

DERRY BANK & TRUST COMPANY
CORNERSTONE FINANCIAL CORPORATION

AND OF THE BANK

CORNERSTONE FINANCIAL CORPORATION
IS A SUBSIDIARY OF A HOLDING COMPANY
ORGANIZED AND EXISTING FOR THE BENEFIT OF
THE STATE OF NEW HAMPSHIRE WHOSE PRIMARY
PURPOSE IS DERRY BANK AND TRUST COMPANY
WITH OTHER BANKS

Capital Office, Derry, New Hampshire 03824-1000
Branch 111, First Main Street, New Hampshire 03824-1000
Branch 112, Derry, New Hampshire 03824-1000
Branch 113, 111, Derry, New Hampshire 03824-1000
Branch 114, 111, Derry, New Hampshire 03824-1000
Branch 115, 111, Derry, New Hampshire 03824-1000
Branch 116, 111, Derry, New Hampshire 03824-1000
Branch 117, 111, Derry, New Hampshire 03824-1000
Branch 118, 111, Derry, New Hampshire 03824-1000
Branch 119, 111, Derry, New Hampshire 03824-1000

Branch 120, 111, Derry, New Hampshire 03824-1000

Branch 121, 111, Derry, New Hampshire 03824-1000

**Cornerstone Financial Corporation
Holding Company
and
Derry Bank & Trust Company**

**HISTORY OF THE HOLDING CO.
AND OF THE BANK**



**CORNERSTONE FINANCIAL CORPORATION
IS A ONE-BANK HOLDING COMPANY
ORGANIZED AND EXISTING UNDER THE LAWS OF
THE STATE OF NEW HAMPSHIRE, WHOSE PRIMARY
ASSET IS DERRY BANK AND TRUST COMPANY
WITH OFFICES AT:**

**Crystal Avenue, Derry, New Hampshire 03038 • 603/432-9517
Route 111, East Hampstead, New Hampshire 03826 • 603/382-7111
Route 101, Candia, New Hampshire 03034 • 603/483-2151
Route 102 & 121, Chester, New Hampshire 03036 • 603/887-4496
15 East Broadway, Derry, New Hampshire 03038 • 603/432-9517
Massabesic and Port Streets, Manchester, New Hampshire 03103 • 603/625-4644
North Side Plaza, Manchester, New Hampshire 03104**

Member Federal Deposit Insurance Corporation

Member Federal Deposit Insurance Corporation

Foreword

It has been a great pleasure to prepare a history of the Derry Bank and Trust Company from its origin in 1968, and that of Cornerstone Financial Corporation, the holding company which began in 1982. The holding company acquired all of the outstanding capital stock of Derry Bank and Trust Company.

The plans and dreams of those responsible for starting the bank have well been realized. The History of The Bank attempts to show the many legal requirements in starting a new state chartered bank. It also shows step by step opening of temporary banking facilities in a trailer while finding a location and constructing a bank building, and the growth of the bank to December 1984.

We were not alone in our dreams for the future however. Directors of the Derry Cooperative Bank also realized they needed a new and larger facility to accelerate their growth. Because of legal requirements, however, a state cooperative bank could not transact certain commercial transactions permitted by a state chartered commercial bank, thus, it was decided between us to acquire property on Crystal Avenue, Derry, New Hampshire, and construct a bank building jointly with each one owning one half. Each bank had separate entrances.

Many of the present directors of Derry Bank and Trust Company were formerly directors of the Derry Cooperative Bank.

Arnold C. Soney, *Treasurer*

19/8/87

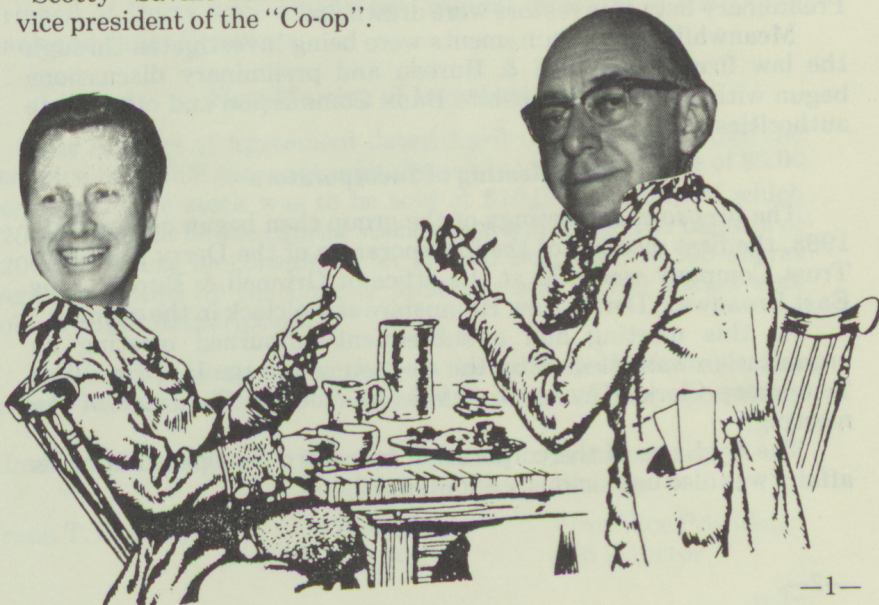
History of the Bank

How and Why It Started

When the new super-highway, Route #93, from Boston to New Hampshire, was completed through Derry and Londonderry, about 1966, it became apparent that a rapid increase in population was inevitable.

Such population growth generates many various types of commercial enterprises - new - as well as expansion of those already in business. It also sparks the construction industry to build new homes and shopping centers. They all required adequate banking facilities - a place to borrow money and deposit their savings.

One morning, during this period, two men of influence in the community, having morning coffee together, discussed this same situation. They were Judge George H. Grinnell and George "Scotty" Saville, both directors of the Derry Co-Operative Bank. "Scotty" Saville was executive vice president of the "Co-op".



Between them, the thought developed, what if an out-of-town full service bank came to Derry and fulfilled the need for improved banking facilities. They might be too late to start a new bank by local people. They decided at once to go ahead with the project.

After discussing the situation further with their board of directors, they decided to continue as a Co-Op and to form a new state chartered full service bank with other persons.

It was then that other prominent local citizens were contacted to join in starting a new full service state chartered bank. The "Co-Op" was not in a position to transact the same type of business under its charter as a commercial bank. The directors of the Derry "Co-Op" played a prominent part however, in starting the new "Derry Bank and Trust Company".

At the beginning, they were also, temporarily, some of the officers and directors of the new bank. It soon became obvious they could not serve in a dual capacity in both banks, so they had to choose which bank they preferred to give their full energies to. Many resigned and continued with the "Co-Op".

Early Discussions

Numerous meetings were held by the two groups, those from the "Derry Co-Op" and others interested in a new bank. The meetings were held at various times, many in the evening in early 1968.

Some meetings were held at the farm home of Judge George H. Grinnell on Island Pond Road in Derry. There in front of a large fireplace stacked with glowing logs, the pros and cons of such a venture, the probability of success, who would be willing to make the necessary investment and who would lead, were discussed. Preliminary lists of investors were drawn up.

Meanwhile legal requirements were being investigated through the law firm of Grinnell & Bureau and preliminary discussions begun with the New Hampshire Bank Commission and other state authorities.

First Meeting of Incorporators

The first formal meetings of the group then began on April 18, 1968, the first meeting of the incorporators of the Derry Bank and Trust Company was held at the office of Grinnell & Bureau, One East Broadway, Derry, New Hampshire at 7 o'clock in the evening.

At this meeting and a subsequent adjourned meeting an organization was affected by the election of George H. Grinnell as Temporary Clerk. George J. Saville was elected Chairman of the meeting.

The By-Laws of the corporation to govern the operation of its affairs was also unanimously adopted.



Derry Station around 1900 with Hood Creamery in background.

First Formal Meeting Held in Former Boston and Maine Railroad Station April 18, 1968

This railroad station in Derry with an addition built on the end, later became the law offices of Grinnell & Bureau, Attorneys. One corner of the law office became the first temporary office of Derry Bank and Trust Company at 1 East Broadway. Across the street was the Hood Creamery, Gilbert H. Hood, Jr., Chairman of the Board of H. P. Hood & Sons, Inc. of Boston, and Judge George H. Grinnell of Derry were among the original directors of the Derry Bank and Trust Company.

First Meeting of Incorporators

The Articles of Agreement dated April 18, 1968 authorized the issuance of 40,000 shares of capital stock having a par value of \$5.00 per share. The stock was to be sold at \$10.00 per share of which \$200,000 would be the capital stock at par value and the balance of \$200,000 would be considered as Capital Surplus. 16,300 shares were subscribed by the Charter Members and 23,700 shares were sold at public subscription.

At the Organization Meeting on the same date, the following persons were elected as the officers and directors of the corporation:

Almond L. Brackley	Meadow Estates Londonderry, NH	President and Director
Frank T. Buckley	10 Newell Rd. Derry, NH	First Vice President and Director

Andrew C. Mack	R.F.D.#2 Londonderry, NH	Second V. President and Director
Arnold C. Soney	English Range Rd. Derry, NH	Treasurer and Director
George H. Grinnell	Island Pond Rd. Derry, NH	Clerk and Director
Bertrand E. Peabody	15 Birch St. Derry, NH	Director
Niles F. Jensen	14 Taylor St. Nashua, NH	Director
William M. Hardy	Derry Rd. Chester, NH	Director
Glenn E. Peabody	Birch St. Derry, NH	Director
Gilbert H. Hood, Jr.	6 Everett Ave. Winchester, MA.	Director
George J. Saville	Lane Rd. East Derry, NH	Director
Rolfe G. Banister, Jr.	Hood School Rd. Derry, NH	Director
Frank E. Muzzey	3 Dickey St. Derry, NH	Director
William J. DeRemer	22 Lenox Rd. Derry, NH	Director
Albert H. Rioux	R.F.D.#2 Londonderry, NH	Director
Arthur A. Goyette	10 Nesmith St. Derry, NH	Director
Horace A. Holaday, Jr.	8 Nesmith St. Derry, NH	Director
Everett E. Pillsbury	Box 167 East Derry, NH	Director
Clive C. Small	7 Pinkerton St. Derry, NH	Director
Edward D. Bureau	9 Nesmith St. Derry, NH	Director

This first meeting was then adjourned until February 24, 1969. The adjourned meeting was held at the office of the Derry Co-Operative Bank, 11 East Broadway in Derry, New Hampshire at 7 o'clock in the evening.

Progress in Obtaining Approvals

Reprint from Nashua Telegraph - Wednesday, May 15, 1968

New Bank Sought in Derry

By Evangeline Palmer

DERRY — The New Hampshire Board of Trust Company Incorporated has been petitioned by 20 prominent professional and business men from the Derry area who seek to establish a new state savings bank and trust company in Derry.

The charter group includes the entire board of directors of the Derry Cooperative Bank as well as others from Chester, Nashua, Londonderry and Gilbert H. Hood Jr., of Winchester, Mass.

Stock Listed

The charter members of the proposed bank have subscribed to purchase 16,500 shares of capital stock at \$10 per share while the corporation petitions to issue 30,000 shares of par value of \$5 each.

The group expects to be granted a hearing on its petition late this month with the chance of approval by June or July.

The State Board of Trust Company, a state agency assigned the responsibility for determining the necessity of any new bank within the state, will take the petition under study in the next few weeks.

The charter group is also seeking membership in the Federal

Deposit Insurance Corporation in the event its petition receives favorable action.

Listed as charter members are Bertrand Peabody, Derry; Niles F. Jensen, Nashua; William M. Hardy, Chester; Almon L. Brackley, Londonderry; Andrew C. Mack, Londonderry; Glenn Peabody; George H. Grinnell; Gilbert H. Hood, Jr., Frank T. Buckley; George J. Saville; Albert E. Uicker; Frank E. Muzzey; William J. DeRemer; Herbert W. Ross; Arnold C. Soney; Arthur A. Goyette; Horace A. Holaday, Jr.; Everett E. Pillsbury; Clive C. Small; and Edward D. Bureau.

Reprint from Nashua Telegraph Monday, June 10, 1968

State Approves Derry Bank Proposal

By EVANGELINE PALMER

DERRY — State Bank Commissioner William Dunn has notified George H. Grinnell, Derry lawyer, that an application for a state charter for the proposed Derry Bank and Trust Co. has been approved.

No Opposition

No opposition to the proposal to charter a second commercial bank in Derry was presented during a hearing in Concord before the State Board of Trust Company, Inc.

The charter group includes favorable action.

Listed as charter members are Bertrand Peabody, Derry; Niles F. Jensen, Nashua; William M. Hardy, Chester; Almon L. Brackley, Londonderry; Andrew C. Mack, Londonderry; Glenn Peabody; George H. Grinnell; Gilbert H. Hood, Jr., Frank T. Buckley; George J. Saville; Albert E. Uicker; Frank E. Muzzey; William J. DeRemer; Herbert W. Ross; Arnold C. Soney; Arthur A. Goyette; Horace A. Holaday, Jr.; Everett E. Pillsbury; Clive C. Small; and Edward D. Bureau.

The charter members of the proposed bank have subscribed to purchase 16,500 shares of capital stock at \$10 per share while the corporation petitions to issue 30,000 shares of par value of \$5 each.

The charter group is also seeking membership in the Federal Deposit Insurance Corporation in the event its petition receives

Listed as charter members are Bertrand Peabody, Derry; Niles F. Jensen, Nashua; William M. Hardy, Chester; Almon L. Brackley, Londonderry; Andrew C. Mack, Londonderry; Glenn Peabody; George H. Grinnell; Gilbert H. Hood, Jr., Frank T. Buckley; George J. Saville; Albert E. Uicker; Frank E. Muzzey; William J. DeRemer; Herbert W. Ross; Arnold C. Soney; Arthur A. Goyette; Horace A. Holaday, Jr.; Everett E. Pillsbury; Clive C. Small; and Edward D. Bureau.

Between 1968 and 1969 more meetings were held as more work was necessary to obtain the final approval from all government agencies concerned.

March 18, 1969 - Incorporators Agreement:

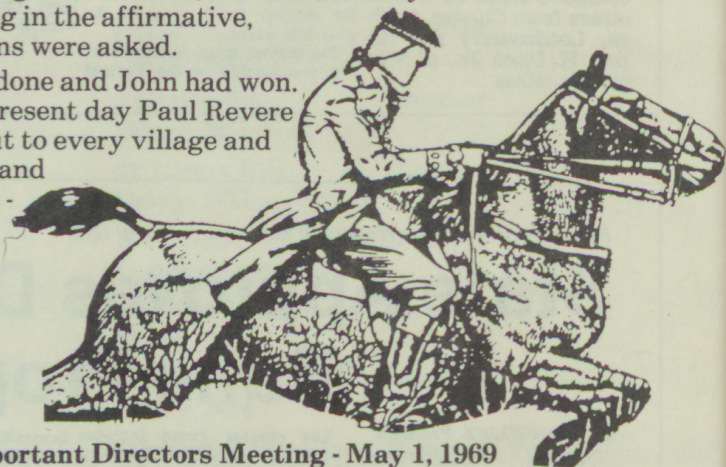
The incorporators of the bank had deposited, with the treasurer, the cash for purchase of its capital stock subscribed by them. The incorporators then had to sign an agreement to be equally responsible for all expenses and debts of the undertaking in case final approvals were not obtained.

Interviewing Candidates for Executive Vice President

Interviews with candidates for the executive to manage the affairs of the bank were also being conducted by a committee. As the interviews came to an end there was no question who was best qualified and who it would be.

John Terravecchia was requested by the interviewing committee to return for a second interview. As the story goes, shortly after the meeting opened, a loud voice from the group - coming from Judge George H. Grinnell former Chairman of the New Hampshire Racing Commission, shouted, "Can you ride a horse?". The answer, being in the affirmative, no other questions were asked.

The job was done and John had won. The bank had a present day Paul Revere who could ride out to every village and farm in our area, and spread the alarm - we were off and running!



Important Directors Meeting - May 1, 1969

Among the minutes were the following:

John Terravecchia introduced to the board of directors again and would begin his duties with the bank May 12, 1969. An executive committee was recommended to assist the executive officers and to act on important matters on a weekly basis, between regular monthly directors meetings.

An investment committee was recommended for inspection of real estate.

Judge George H. Grinnell made office space available for John Terravecchia in his law office. Several other matters were discussed and voted on.

Executive Vice President



JOHN TERRAVECCHIA

The Board of Directors of the Derry Bank and Trust Company are happy to have John Terravecchia as Executive Vice President.

Mr. Terravecchia is a 1959 graduate of Northeastern University, Boston, Massachusetts where he received a Bachelor of Science degree in Business Administration. In 1968 he was graduated from Williams College, Williamstown, Massachusetts.

Mr. Terravecchia was formerly Assistant Vice President and Operations Officer of Citizens Bank and Trust Company, Peabody, Massachusetts. There he had complete responsibility for the bank's investment portfolio, operational procedures and the establishment of operational policy.

Mr. Terravecchia assumed his new duties on May 12.

He and his wife Catherine and their four children, Stephen, 10; Joseph 8, Patrice 5, and Susan 1, presently make their home on Chester Street, Chester, N.H.

Reprint from Advertisement for Open House February 22-23 1970

Executive Vice President

THE STATE OF NEW HAMPSHIRE

APPROVAL OF CERTIFICATE

May 7, 1969


We, the undersigned members of the Board of Trust Company
Incorporation, find that the public convenience and advantage will
be promoted by the establishment of

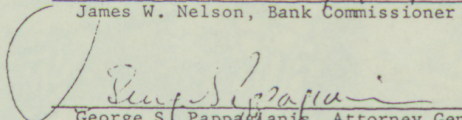
Derry Bank and Trust Company

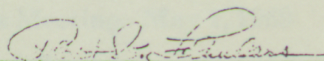
and that proceedings relative to the organization and establishment
thereof conform to the provisions of law relating thereto, and in
accordance with the provisions of RSA 392, we hereby approve the
foregoing certificate.

Concord, New Hampshire

Board of Trust Company Incorporation


James W. Nelson, Bank Commissioner


George S. Pappagalis, Attorney General


Robert W. Flanders, State Treasurer

THE STATE OF NEW HAMPSHIRE

Be it known that whereas BERTRAND E. PEABODY, GLENN E. PEABODY, GEORGE H. GRINNELL, FRANK T. BUCKLEY, GEORGE J. SAVILLE, ROLFE G. BANISTER, JR., FRANK E. MUZZEY, WILLIAM J. DEREMER, ARNOLD C. SONEY, ARTHUR A. GOYETTE, HORACE A. HOLADAY, JR., EVERETT E. PILLSBURY, CLIVE C. SMALL and EDWARD D. BUREAU of Derry, N. H.; ALBERT H. RIOUX, ALMON L. BRACKLEY and ANDREW C. MACK of Londonderry, N. H.; NILES F. JENSEN of Nashua, N. H.; WILLIAM M. HARDY of Chester, N. H.; and GILBERT H. HOOD, JR., of Winchester, Mass.

have associated themselves with the intention of forming a corporation under the name of

DERRY BANK AND TRUST COMPANY

for the purposes (a) to conduct the general business of a trust company in accordance with the authority and powers conferred by Chapter 392 of the Revised Statutes Annotated of the State of New Hampshire and all acts in amendment thereof or supplemental thereto. (b) to conduct a savings department in accordance with the terms of Section 9, Chapter 390, Revised Statutes Annotated of the State of New Hampshire and all acts in amendment thereof or supplemental thereto.

with a capital stock of FORTY THOUSAND (40,000) shares of a par value of FIVE DOLLARS (\$5.00) each;

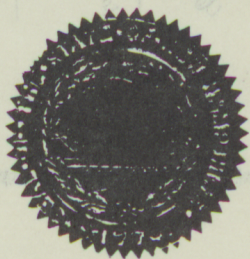
and have complied with the provisions of the statutes of this state in such case made and provided, as appears from the certificate of a majority of the directors of said corporation, duly approved by the board of trust company incorporation and recorded in this office: Now, therefore, I, Robert L. Stark, Secretary of State, do hereby certify that said

ALMON L. BRACKLEY, FRANK T. BUCKLEY, ANDREW C. MACK, ARNOLD C. SONEY, GEORGE H. GRINNELL, BERTRAND E. PEABODY, NILES F. JENSEN, WILLIAM M. HARDY, GLENN E. PEABODY, GILBERT H. HOOD, JR., GEORGE J. SAVILLE, ROLFE G. BANISTER, JR., FRANK E. MUZZEY, WILLIAM J. DEREMER, ALBERT H. RIOUX, ARTHUR A. GOYETTE, HORACE A. HOLADAY, JR., EVERETT E. PILLSBURY, CLIVE C. SMALL, EDWARD D. BUREAU:

their associates and successors, are legally organized and established, as, and are hereby made, an existing corporation under the name to

DERRY BANK AND TRUST COMPANY

with the powers, rights and privileges, and subject to the limitations, duties and restrictions, which by law appertain thereto.



Witness my official signature hereunto subscribed, and the seal of the state hereunto affixed, this seventh day of
May, in the year one thousand nine
hundred and sixty-nine.

Robert L. Stark
Secretary of State

State of New Hampshire
Office of The Bank Commissioner



*This is to certify that all requirements of R. S. A. 392 have
been complied with and that the whole capital stock and surplus
funds have been paid in in cash.*

*Now, therefore, under the authority vested in me as Bank
Commissioner I hereby authorize* Derry Bank and Trust Company,

Derry, New Hampshire

to begin the transaction of business.

August 15, 1969

Jan- W. Nelson
Bank Commissioner

July 10, 1969

Mr. James W. Nelson
Bank Commissioner
97 North Main Street
Concord, New Hampshire 03301

Re: Derry Bank and Trust Company
Derry, New Hampshire 03038

Dear Jim;

Enclosed is the complete list of stockholders in the above named bank, verified by the President and Clerk and in compliance with the provisions of RSA 392:22. The full amount of \$400,000.00 has been collected from all of the stockholders.

As the provisions of RSA 392:23 show, an examination will be made upon receipt of this list. We trust that everything is in order, as required, so that examination can be made soon. We are anxious for Certification so that the bank can be opened to transact business on the 15th of August, 1969.

Also enclosed is a progress report, copies of which were sent to all of the stockholders.

We will certainly advise you of the confirmed opening date, hoping that you will pay us a visit.

Very truly yours,

George H. Grinnell
Clerk and Director

GHG/mr
Enclosures



The State of New Hampshire
Bank Commissioner
Concord

August 7, 1969

JAMES W. NELSON
Bank Commissioner
ARLAN S. MAC KNIGHT
Deputy Bank Commissioner

John Terravecchia, Executive Vice President
Derry Bank and Trust Company
Derry, New Hampshire 03038

Dear Mr. Terravecchia:

We have received a complete list of the stockholders, number of shares held by each and their addresses, and said list has been verified by the President and Clerk of the corporation.

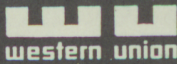
Also, upon examination it appears that the whole capital stock and surplus fund have been paid in cash and that all requirements of law have been complied with.

In conformity with RSA 392:23, we have enclosed the certificate authorizing the Derry Bank and Trust Company to begin the transaction of business as of August 15, 1969. It is our understanding that deposits will not be accepted until Federal Deposit Insurance has been obtained.

Very truly yours,

James W. Nelson
Bank Commissioner

JWN:ifd



Telegram

=WUE236 SYE245

:(516). :

SY WB 205 MS HDB =FAX WASHINGTON DC 7 502P EDT =
HONORABLE GEORGE H GRINNELL, GRINNELL AND BUREAU =
1 EAST BROADWAY DERRY NHAMP =

1960 AUG 7 PM 5 56

OUR BOARD TODAY APPROVED FEDERAL DEPOSIT INSURANCE FOR
DERRY =BANK AND TRUST COMPANY DERRY NEW HAMPSHIRE
SUBJECT TO CONDITIONS =LETTER FOLLOWS =

WILLIAM M MORONEY ASSISTANT TO BOARD OF DIRECTORS
FEDERAL =DEPOSIT INSURANCE CORPORATION =

Depositor Insurance to be effective August 15, 1969.

WESTE
TEI

WESTERN UNION
TELEGRAM

N UNION
GRAM

WUE098 SYA301 SY WA251 HA PDB 5 EXTRA

FAX WASHINGTON DC 13 945A EDT

ALMON L BRACKLEY, PRESIDENT

DERRY BANK AND TRUST CO ADJACENT HOOD PLAZA SHOPPING CENTER
ON EAST SIDE CRYSTAL AVE DERRY NHAMP

DEPOSITS OF DERRY BANK AND TRUST COMPANY, DERRY, NEW HAMPSHIRE,
WILL BE INSURED BY FEDERAL DEPOSIT INSURANCE CORPORATION

UP TO STATUTORY LIMIT OF \$15,000 FOR EACH DEPOSITOR EFFECTIVE
AUGUST 15, 1969. OTHER MATERIAL RELATING TO DEPOSIT INSURANCE
FOLLOWS

WILLIAM M MORONEY ASST TO BOARD OF DIRECTORS FEDERAL DEPOSIT
INS CORP

(1126).

1217P EDT AUG 13 69

Notice of approval — Federal Deposit Insurance Corporation

Location of Bank on Crystal Avenue, Derry

After searching for a location, it was finally found that a parcel of land on Crystal Avenue, just before the Public Service Company of New Hampshire office, was available. It was a most desirable location in front of the new Hood Plaza Shopping Mall. The mall was still under construction and would not be open to the public in time for our desired opening date.

It was necessary to act fast. The question of finances also was of the utmost importance. Our bank could only allocate a limited percentage of its capital to fixed assets such as land, buildings and equipment.

Fortunately, we were able to agree with the Derry Co-Operative Bank, whereby, we would jointly buy the land and construct a building to be occupied one-half by each of us and share the cost.

To speed the opening of our bank, the directors decided to obtain a trailer appropriate for banking purposes, which could provide enough security and an office trailer. These were placed in front of the lot we planned to use for the bank building. Below is an excerpt from a letter to the bank stockholders dated August 12, 1969 from George H. Grinnell, Clerk and attorney for the bank. We were on the move.

"Your Directors are pleased to announce that the bank will be open for business at 9 a.m., Friday, August 15, 1969. The past few weeks have been a busy time for the officers and representatives of the bank as it was necessary to obtain final approval of our temporary quarters on Crystal Avenue and approval by the Federal Deposit Insurance Corporation of all aspects of the bank's operation in order to obtain their insurance coverage. At the same time, the Directors with the aid of Albert Rioux, one of the Directors, were completing plans for starting construction of the permanent building on Crystal Avenue connected with the Hood Plaza Shopping Center."

TEMPORARY
QUARTERS OF
DERRY BANK & TRUST CO.



August 15, 1969
Ribbon Cutting of "Trailer Bank" opening for business. 9:00 a.m., hot summer day! Back Row: Maurice Read, Glenn E. Peabody, Albert H. Rioux, Sr., Bertrand E. Peabody, William J. DeRemer, "Scotty" Saville, Everett Pillsbury. Front Row: Eva Dennison, Margaret de Redon, Arnold C. Soney, Frank Buckley, George Grinnell, Unknown Man, Almon C. Brackley, John M. Terravecchia, William Boyce, Benjamin C. Adams, Norman P. Finnegan, Carol DeGroot (now Fontaine) and Diane Kittery.



FIRST DEPOSITORS IN TRAILER — AUGUST 15, 1969

Mr. and Mrs. Mairuce Read of Derru make the first deposit of the new Derry Bank & Trust Co. Pictured, left to right, Norman Finnegan; Mrs. David Kittery, teller; mr. and Mrs. Read; George Grinnell, clerk with Selectman William Boyce just behind him.

(Photo by F. J. Sullivan)

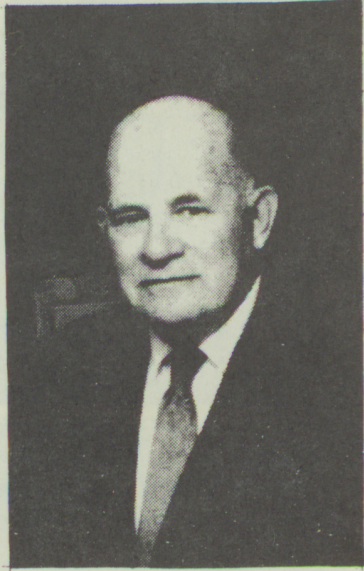


BREAKING GROUND FOR NEW BANK BUILDING — SUMMER 1969

Officials of both banks, left to right, Judge George Grinnell, Clerk & Director, DB&T; John M. Terravecchia, Exec V.P., DB&T; Bertrand E. Peabody, Pres., Derry Co-op; George J. Saville, Exec. V.P., Derry Co-op; Almon Brackley, Pres., DB&T; Geln E. Peabody, Director, DB&T.

NEW BANK BUILDING JANUARY 1970

The Derry Bank and Trust Company



Almon L. Brackley, *President*

Frank T. Buckley, *First Vice President*

Andrew Mack, *Second Vice President*

John M. Terravecchia, *Exec. Vice President*

Arnold C. Soney, *Treasurer*

Norman P. Finnegan, *Asst. Treasurer*

George H. Grinnell, *Clerk*

Margaret B. deRedon, *Asst. Manager*

DIRECTORS

Niles F. Jensen

Andrew Mack

Frank E. Muzzey

Bertrand E. Peabody

Glenn Peabody

Everett E. Pillsbury

Albert H. Rioux, Sr.

George J. Saville

Clive C. Small

Arnold C. Soney

Rolfe G. Banister, D.M.D.

Almon L. Brackley

Frank T. Buckley

Edward D. Bureau

William J. DeRemer

Arthur A. Goyette

George H. Grinnell

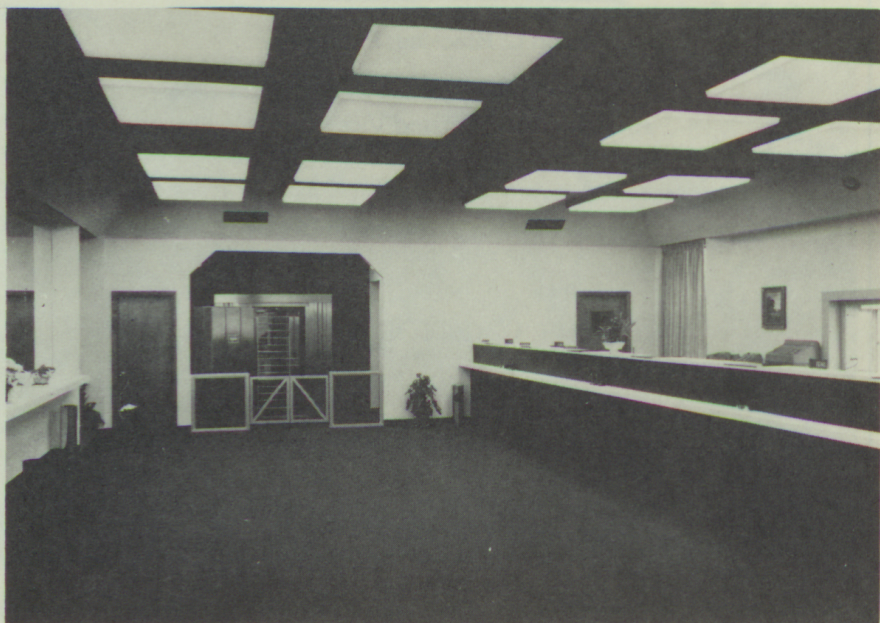
William M. Hardy

Horace A. Holaday, Jr.

Gilbert H. Hood

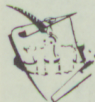


Ladies of the staff of the Derry Bank & Trust Company are shown on the first day of business in the new building. Seated on the left is Mrs. Margaret B. deRedon, Assistant Manager, and Mrs. Diane Kittery, Head Teller. Standing, left to right, are Mrs. Eva Dennison, Head Bookkeeper, Mrs. Dolores Brusky, Bookkeeper, Carol DeGroot, Teller, and Mrs. Catherine Gelinas, Teller.



Derry Bank & Trust Company, Crystal Ave., Derry, N.H. — Main banking quarters — First floor.

The Rockingham County



GAZETTE

"Live Free or Die!"

More Circulation in Growing
Rockingham County Than Any Other
Newspaper

Guaranteed Delivery
By U.S. Mail Each Week To

7,148 Copies

Mailed FREE To Every Home In:
Wendham Derry 1 Derry Londonderry
Chester Auburn Landis Salem Depot

January 21, 1970

Published Weekly by Bailey Publications, Inc.
Route 1, Seabrook, N.H. P.O. Box 367, 03874

Telephone 474-3021

Derry Edition

Derry Banks Moving To New Building



Derry Bank & Trust Company has six day banking which provides the customer with every opportunity to take care of their banking needs.

The Derry Bank and Trust Company has a short but tremendously successful history. It is the realized dream of local business men who have worked long hours to establish and have this bank chartered in the state.

Opened for business on August 15, 1969 in temporary quarters near the site of the new building this Commercial bank already borders close to 2 million in assets.

Mr. Almon L. Brackley is President, Mr. Frank T. Buckley, first Vice President, Mr. Andrew C. Mack, second

Vice President, Mr. Arnold Soney, Treasurer, Mr. Norman Finnegan, Ass't Treasurer, Mr. George H. Grinnell, clerk and Mrs. Margaret B deRedon, Ass't Manager.

Both banks have competent staffs to serve every banking need for every customer and everyone is most cordially invited to pay a visit to the handsome building on Crystal Ave.

It is with great pride and respect that everyone connected with both the Derry Cooperative Bank and the Derry Bank and Trust Company pay the highest of compliments to Mr. Albert H. Rioux, Sr., who spent countless hours directing the construction of this beautiful new banking institution.



OPEN HOUSE



February

22 - 23

1970

2 PM until 5 PM

Both Days

Welcoming the public to their new banking home are: seated Bertrand E. Peabody, President of the Derry Cooperative Bank and Almon L. Brackley, President of the Derry Bank and Trust Company. Mutual congratulations are exchanged by their respective executive officers, George J. Saville and John M. Terravecchia.

Derry Bank & Trust Company Derry Cooperative Bank

Crystal Avenue

Derry, N.H.

Feb. 19, 1970

SUPPLEMENT TO:

The Derry News - Feb. 19, 1970

The Derry Star - Feb. 19, 1970

The Rockingham County Gazette (Derry Edition) - Feb. 18, 1970



Open House

*Frank Buckley, V. Pres.
of DB&T, and N.H.
Agriculture Commissioner
chats with Lt. Col. Ralph
C. Soney, Ret.*



*Helen and
Clive Small*

officers

Almon L. Brackley, *President*
John M. Terravecchia, *Exec. Vice Pres.*
Frank T. Buckley, *First Vice Pres.*
Andrew C. Mack, *Second Vice Pres.*
Arnold C. Soney, *Treasurer*
Norman P. Finnegan, *Ass't. Treasurer*
George H. Grinnell, *Clerk*
Margaret B. de Redon, *Ass't. Mgr.*

board of directors

Rolfe G. Banister, D.M.D.	Niles F. Jensen
Almon L. Brackley	Andrew C. Mack
Frank T. Buckley	Frank E. Muzzey
Edward D. Bureau	Bertrand E. Peabody
William J. DeRemer	Glenn E. Peabody
Arthur A. Goyette	Everett E. Pillsbury
George H. Grinnell	Albert H. Rioux, Sr.
William A. Hardy	George J. Saville
Horace A. Holaday, Jr.	Clive C. Small
Gilbert H. Hood, Jr.	Arnold C. Soney
John M. Terravecchia	



DERRY BANK AND TRUST COMPANY

Crystal Avenue, Derry, New Hampshire 03038 603/432-9517
Member Federal Deposit Insurance Corporation

FIRST annual report

DERRY BANK AND TRUST COMPANY

a solid
foundation for
continued growth



September 30, 1970

a unique
financial
package

FIRST ANNUAL REPORT

DERRY BANK AND TRUST COMPANY

the professional

free checking
credit line
loan guarantee
credit card

balance sheet

September 30, 1970

the professional is:

an absolutely free checking account.

No minimum balance, no penalty charges, no gimmicks. You can pick the check color and style and a different one for your wife. We realize you are busy and may wish to save your personal time by banking-by-mail as so many of our present customers do. If so, mail your pay check for deposit to your account. We pay postage both ways. Cash a check for your immediate cash needs at your local supermarket, or wherever you shop — remember — your checking account is free.

the professional is:

a line of credit. You may use it whenever and wherever you want by simply writing one of your regular checks. You may repay in full anytime or in small automatic monthly payments. No need to use high cost revolving credit. You can write a loan at rates far below most credit card and department store charge plans. A cash reserve whenever you need it.

the professional is:

a guarantee to the lowest rate in the area when you finance your next new car.

the professional is:

the most convenient all purpose credit card in the United States. Master Charge is your passport when you travel, a key to convenience when you shop.

Assets

Cash and Due from Banks	584,589.61
Other Securities	150,000.00
Loans and Discounts	1,884,349.25
Bank Premises and Equipment	200,471.10
Other Resources	24,258.24
Total ASSETS	2,843,668.20

Liabilities

Deposits	2,221,370.72
Other Liabilities	255,857.72
Total LIABILITIES	2,477,228.44

Capital Accounts

Capital Stock	200,000.00
Surplus	100,000.00
Undivided Profits	58,089.76
Reserve Accounts	8,350.00
Total CAPITAL Accounts	366,439.76

Total LIABILITIES and CAPITAL ACCOUNTS	2,843,668.20
---	---------------------

Derry Bank and Trust Company

History of the Bank

1973

During the year 1973, significant, long-term decisions were reached that favorably affected the Bank's growth and profit in the years to come. Greatly needed plant expansion was undertaken, more Capital Stock was sold. Earnings, deposits and total assets showed good, solid growth.

Earnings - Despite the cost incurred for the needed expansion, profit increased by 15.8%, from \$43,060 to \$49,868.

Deposits - Total deposits increased by 14.7% from \$5,924,981 to \$6,759,250. Deposit mix was greatly improved, as the 1973 total represents only deposits of individuals, partnerships and corporations.

Assets - Total assets increased by \$2,141,362 from \$7,225,115 to \$9,366,477, or 29.6%.

In May 1973, a new addition to the Crystal Avenue facility was opened for our expanding Loan Department; in September, work began on the new Pinkerton Street Drive-Up building - an early 1974 opening was anticipated. Both facilities were calculated to ease traffic congestion at the Crystal Avenue lot as well as providing the competitive means to future growth in the Derry market area.

During the Summer and Fall of 1973, the bank increased its capitalization through a stock sale. It provided the bank with additional strength for future growth and expansion. Capital to Deposit ratio was a very strong 15%. Total Capital and Reserves were now greater than \$1,000,000.

In the early fall of 1973, application was made for a full service bank in Hampstead, New Hampshire. The banking authorities in Concord, New Hampshire approved our application. This new location enabled us to better serve existing customers in the greater Hampstead area, while enabling the bank to expand its base.

Management took the necessary steps toward the formation of a bank holding company.



1974

Nineteen seventy four, despite an unfavorable economic climate, was our best year to date. Plant expansion, begun in 1973, was completed in 1974. Earnings, deposits and total assets again showed good solid growth.

Earnings - Profits before transfers to reserves increased 71.6% from \$49,868 to \$85,567.

Deposits - Total deposits increased 11.6% from \$6,759,250 to \$7,544,253.

Assets - Total assets increased 10.2%, to \$9,366,477 to \$10,326,376.

In January 1974, the new Drive-Up facility was opened at the Pinkerton Street entrance to the Hood Plaza. It greatly eased traffic congestion at the main bank on Crystal Avenue. Future expansion of the drive-up facility was planned for 1975.

August 15, 1974 was our Fifth Anniversary. The first dividend was paid to stockholders.

On December 26, 1974, the Hampstead Branch opened for business at the entrance to a developing shopping area; "Shoppers Village" in east Hampstead on Route #111. Its location was just 5 miles from the Massachusetts/New Hampshire line. Mrs. Catherine A. Gelinas, who had been with the bank almost from its inception was appointed branch manager.

Bank holding company progress, as mentioned in the 1973 Annual Report was moving, purposely, at a slow pace.

Late in December 1974, two of our Founding Directors and Officers passed away. The friendship and guidance of Almon L. Brackley, President and Frank T. Buckley, First Vice President, will be greatly missed by those associated with them.



DERRY PUBLIC LIBRARY
64 E. BROADWAY
DERRY, NH 03038

1975

The bank again experienced substantial growth during nineteen seventy-five. Once more during a year of uncertain economic conditions, this was our best year to date.

Earnings - Profits before transfers to reserves decreased slightly by .046% from \$85,567 to \$81,582. The decrease was caused principally by start up costs at the East Hampstead Branch and a realistic evaluation of business conditions during the year.

Deposits - Total deposits increased by 54.5% from \$7,544,253 to \$11,654,803, an increase of \$4,110,550.

Assets - Total assets increased by 28.4% from \$10,326,376 to \$13,260,780.

Late in December 1975, Derry Bank applied for its second full service branch bank on Route #101 in Candia, New Hampshire. The Candia Branch application was approved by the State Banking Commission.

Shopper's Village, in East Hampstead, began to attract customers in that area in increasing numbers. This also helped the progress of our first branch bank there.

August 16, 1975 was our Sixth Anniversary. The second dividend was paid to stockholders, representing an increase of two cents per share, from 10 cents to 12 cents.

Page 24

DERRY NEWS

March 13, 1975

Terravecchia Named Bank President



**JOHN
TERRAVECCHIA**

The board of directors of The Derry Bank and Trust Company, recently unani-

mously named John M. Terravecchia as president and chief executive officer, succeeding the late Almon L. Brackley.

Terravecchia, a native of Wakefield, Mass. has been with the bank since its opening in mid-1969, serving as executive vice-president.

With the arrival of the bank's charter, Terravecchia worked, along with a capable and eager staff and a progressive board of directors, to obtain a sound place in the economic structure of Derry.

Terravecchia resides in Chester, with his wife, Tina, and their four children.

Stephen, 16, Joseph, 14; Patrice, 12 and Susan, 7. He is the son of William and Beatrice Terravecchia, of 10 Kathy Lane, Wakefield, Mass.

He graduated from Wakefield High School in 1954, and played varsity football and baseball. The newly named president continued his education at Northeastern University, graduating in 1959.

He completed work at the Williams College in 1964. Prior to coming to Derry, Terravecchia served as assistant vice-president of the Peabody based Citizens' Bank and Trust Company.

1976

Local economy was on the upswing, and the economic outlooks for all New Hampshire continued promising.

Earnings improved this year as a result of several factors; better economic conditions, exercising tight expense controls, increasing new business efforts, and the resultant growth. There was excellent management of loan and investments. After incurring startup costs for the new Candia Branch, which opened in September 1976, earnings still improved by 25.1% over 1975. Assets increased by \$4,148,375 to \$17,409,155 or 23.2%.

Branch Operations

On September 7, 1976, our third full service facility opened for business on busy Route #101 in Candia, N.H. The response was most encouraging as many local people opened accounts. An Advisory Board of Directors was appointed to assist the the development of this important branch similar to what we did at Hampstead. The Hampstead branch continued to make impressive gains. The main bank on Crystal Avenue, Derry, with its modern drive-up facility, continued to grow and service an important share of its market area. By branching, it became possible to extend our market area and to broaden the base for continued future growth and earnings. The population of our trade area was greater than 65,000 people, an important share of the market area we occupied.

Loans and Discounts

The loan department of our bank enjoyed steady progress. Total loans increased \$2,587,846 from \$8,625,751 to \$11,213,596 or an increase of 30%. Most of the growth resulted from the strong economy in southern New Hampshire. Commercial and mortgage loans accounted for the largest percentage of increase. Retail lending continued at a gradual pace.

Earnings and Dividends

A cash dividend was paid to stockholders in August 1976 of 15¢ a share, an increase of 3¢ per share over 1975, and in September 1976, a 5% stock dividend was paid. Gross income increased by \$285,255 to \$1,210,593.

As a result of continuing improvement in earnings, and the prospect of sustaining these earnings in the future, the Board of Directors voted to pay an extra 5¢ per share to stockholders of record as of December 23, 1976, payable February 15, 1977.

A New Capital Stock Issue

Capital is fundamental and vital to a commercial bank. Capital supplied the initial funds which allow a bank to open its doors and it

enables a bank to progress as a growing concern. The amount of capital commercial banks will need in the next 5 to 10 years depends largely upon the rate of growth of bank assets and deposits.

From 12/31/72 to 12/31/76, assets and deposits of Derry Bank and Trust Company grew approximately 2½ times. Additional capital from common stock sales was required as we grew. Thus, at the December 1976 meeting, the Board of Directors voted to increase the number of shares authorized to One Hundred and Sixty Thousand shares and to sell an additional 20M shares of stock at \$20.00 per share.



1977

Branch Operations

In early 1978, our fourth full service branch location was opened in Chester, New Hampshire at the intersection of Route 102 and 121A, next to Spollett's Market. The branch was of colonial design with three teller's stations and manager's office.

Our branch offices in Hampstead and Candia continued to make excellent gains in deposits. These gains demonstrated the need for branch banking in both communities. Growth was also being experienced by the main office on Crystal Avenue and the adjacent drive-up facility.

Loans and Discounts

Once again satisfactory growth was made. Loans outstanding increased 26.9% over the previous twelve months from \$11,213,596 to \$15,342,348 or \$4,128,752. Income derived from loans was better than average for banks in our category.

There was a continuous influx of new customers moving into our trade area. We were fortunate as respects new business referred by present customers.

Loan losses were less than the state average, which enhanced our capital account. Growth, income and loss control, were reflective of our attitude that each loan should be tailored to the customer's needs with both his and the bank's interest in mind.

Our Market Area

The bank's market area continued to expand as new business and people move into southern New Hampshire. The Derry, Hampstead and Candia locations grew at a vigorous pace in 1977. We expected this growth to continue for the foreseeable future.

By branching to Chester, we again extended our market area and broadened our base for greater future growth and earnings. Trade population was now estimated at 72,000 people.

Dividends

The Board of Directors at their meeting voted to pay a year-end cash dividend of 12¢ per share to stockholders of record December 22, 1977. This represented an increase of 7¢ per share over 1976. Dividend checks were mailed on February 15, 1978. A cash dividend of 20¢ per share was also paid to stockholders in August 1977. This was an increase of 5¢ per share over 1976.

1978

Operating earnings for the fiscal year ended September 30, 1978 increased substantially from the same period last year. Net operating income for the year was \$140,842 compared with \$64,668 a year ago, or an improvement of 117.8%. Operating income increased over these years due to the increased volume of security and loan transactions, and the gradual increase of the interest rates on said investments.

Total operating income increased by 32.2% from \$1,588,108 to \$2,100,230 or \$512,122.

Total operating expenses increased by 26.3% from \$1,433,803 to \$1,810,462 or \$376,659.

Deposits grew 22.5% from \$18,999,356 to \$23,275,502, or \$4,276,146.

Total Assets and Liabilities increased by 16.4% from \$21,291,155 to \$24,772,508 or \$3,481,353.

The bank completed the registering of its Capital Stock with the Registration and Disclosure Section of the Federal Deposit Insurance Corporation (similar to a Security and Exchange filing), henceforth, the Annual Report to Stockholders will be reported at the bank's tax year end, September 30, rather than December 31 each year, to comply with federal regulations.

As of September 30, 1978, the bank had 37 full time and 6 part time employees. The bank was owned by 528 stockholders, the majority of whom were residents of Rockingham County, New Hampshire.

The capital of the bank was also increased by the sale of \$350,000 9½% Subordinated Debentures maturing in seven years on April 30, 1986.



1979

Nineteen Seventy Nine was both successful and eventful. Earnings were at an all time high, and projects were undertaken intended to increase the bank's future strength. As of September 30, 1979, the bank had total assets over \$27,000,000 representing an increase of over \$2,600,000 from the previous year.

Net operating income for the year ended September 30, 1979 was \$244,561 up from \$140,842 the previous year. Per share results were \$1.74 versus \$1.04.

The earnings increase was attributed primarily to higher net interest income, coupled with careful management of the cost of our funds. Income from investments, federal funds sold, fees, service charges, and other income, grew significantly in 1979. Cash dividends to stockholders was increased 37¢ to 47¢ per share for the year.

The bank entered into an agreement wherein an interest of management and others would apply. Birchwood Development Corporation, a corporation owned by the Directors of Derry Bank and Trust Company held title to the Candia, New Hampshire office. A lease, dated September 7, 1976 for a fifteen year term, with renewal options, was approved.

On October 16, 1979, approval was granted allowing the establishment of a branch office at Massabesic and Porter Streets in Manchester, New Hampshire. This new "East Side Office" enabled Derry Bank to complete directly in New Hampshire's largest banking market.

The bank was also granted approval to establish a branch office at 15 East Broadway in Derry. This new "Broadway Office" was intended to function as the bookkeeping and operations center for our growing business, and provide customers with additional teller services in the expanding Derry market area.



1980

Nineteen Eighty was marked by a major expansion of the bank's branching network. During January, the East Broadway office opened in downtown Derry. Its major function was that of bookkeeping and operations center for our growing business, while providing customers with additional convenient banking services in the expanding Derry market area.

Our first branch, in East Hampstead, underwent extensive expansion during the summer months, doubling its size, providing added drive-up facilities, office and customer service areas and employee facilities, in order to better serve the growing number of customers in its market.

A major expansion into New Hampshire's largest banking market took place in October, as our newest and most promising branch facility opened at 728 Massabesic Street, at the entrance to Mammoth Mills Department Store. This extensive facility, located in a heavily populated urban area, features three drive-up lanes and ample parking. Inside are five tellers stations, safe deposit facilities, private offices, an attractive customer service area, and employee facilities.

The bank now had six banking locations serving south central New Hampshire. At September 30, 1980, there were 43 full time and 27 part time employees.

Nineteen Eighty was also a year marked by an extreme volatility of interest rates caused by the Federal Reserve's attempts to control inflation through the managing of the money supply, and the resultant historically high interest rates. Based upon these high rates, we increased funds allocated to U.S. Government securities and interest bearing deposits. Thusly, the average yield on investments and liquidity were improved simultaneously.

Net operating income for the year ended September 30, 1980 was \$271,534 an increase of 11% over last year's \$244,561. Per share results were \$1.90, versus \$1.72 a year ago. The earnings increase was accomplished by careful management of the cost of funds and expenses compared to income. Other income grew significantly in 1980 just as it had in 1979. The improvement in net earnings occurred despite added occupancy and personal costs associated with our branching program.

Common stock cash dividends increased from 47¢ to 57¢ per share.

Assets increased by \$5,093,288 or 19% from \$27,398,785 to \$32,483,073 at September 30, 1980.

Inflation was the single most important economic and social challenge facing everybody. It harms all of us. We, as citizens, fear the impact inflation can have on our economy, capital formation and available jobs.

'Little' Bank Invades Big City

By FRANK DONOVAN
Sunday News Staff

The Derry Bank & Trust Co. opened for business in a trailer on Aug. 15, 1969, and nobody paid much attention.

A new bank with capital of \$400,000, five employees and a temporary home did not exactly shake the established banking community. But like the fellow with the better mousetrap, customers began finding their way across the construction site to the trailer to open accounts.

Gradually during the past 11 years, the Derry Bank & Trust began to attract some attention. New branches were established in Chester, Candia and East Hampstead, capital increased to \$34 million, and last month a real eye opener, an office in East Manchester.

In past years the trend in banking had been for the large and long established banks in the big cities to open branches in the suburbs. It is unusual for a relatively new suburban bank to open a branch in Manchester.

CAPABLE OF CHALLENGE

John Terravecchia, president of the Derry Bank & Trust, explains the move to East Manchester: "We felt we could compete with the bigger banks in New Hampshire by doing our own thing.

"A hallmark of this bank has been to get to know our customers, and to offer them personal service. We have retained the atmosphere of a small bank, but we are doing some of the things the big banks are doing."

Terravecchia relaxed last week in the modern offices of the bank's East Manchester branch at 728 Massabesic St., near the Mammoth Mills shopping area, and talked about the money business and the Derry Bank & Trust.

Conditions have improved since the trailer was parked at the entrance of Hood Plaza in Derry while the bank's main office was under construction.

"We've already looked to the future here in Manchester. If we need more space, the foundation for an addition has already been poured. All we have to do is scrape away some lawn and parking lot and we are ready to build an addition."

When he talks about Manchester, Terravecchia is optimistic. "I think we can compete here. We've found a location where a bank was really needed, which gives us a reasonable opportunity."

HAD FORESIGHT

Derry Bank & Trust is a commercial bank, owned by stockholders. Its roots can be traced to a group of businessmen who envisioned the future growth of Southern New Hampshire in the late 1960s and saw Derry as a good place to start a bank.

"The bank is just like any other business, it must make a reasonable profit. We've been blessed with directors and stockholders who recognized this and made available funds for additional growth," said Terravecchia, who has been with the bank from the beginning and was named president in 1974.

Another key element in the success of the bank has been its employees. "When we opened our doors we had five employees and four of those employees are still with the bank. We now have 55 employees, an excellent staff with a low turnover," he added.

Much of the bank's success is given by Terravecchia to its employees and the flexibility of its branches. "Shortly after we began business in Derry we had a month where we opened 1,000 new accounts. Much of the credit for this goes to our employees, whose attitude and concern for our customers has helped us grow to our present 23,000 deposit accounts."

LIST OF FIRSTS

With the success and growth of the Derry Bank have come some banking firsts. "We were the first bank in Southern New Hampshire to open on Saturday morning and one of the first to offer a free business checking account if a \$1,000 balance is maintained," he continued.

"We have a clean operation and our loan delinquency rate and our average return on assets are both better than the state average. We've had a growth rate of 15 to 22 percent for the past four or five years."

The East Manchester Office opened on Oct. 10 and Terravecchia said an open house will be held at the branch from 1 to 5 p.m. on Nov. 16. It will give people a chance to see how a little bank operates in the big city.

NEW HAMPSHIRE SUNDAY NEWS

Manchester (N.H.) — Sunday, November 2, 1980





CUTTING THE RIBBON — EAST MANCHESTER, NH BRANCH

Cutting the Ribbon — Left to Right: Paul Fisher, Manchester Chamber of Commerce; John T. Terravecchia, President & C.E.O.; Henry Thibeault, Manchester Alderman; Catherine A. Gelinas, Manager; Donald L. Cusson, M.D., Director; G. Robert Smith, Senior Vice President; and Arnold Soney, Treasurer.

Nineteen eighty-one was again a year marked by an extreme volatility of interest rates! Thus, we moved to match more closely our interest-sensitive assets and liabilities throughout the year to reduce to a minimum the risks associated therein. We continued to increase funds allocated to short term U.S. Government Securities and interest bearing deposits. As in 1980, the average yield on investments and liquidity were improved simultaneously.

Despite an unsteady economy, outstanding loans increased by 14% to \$23.3 million. Delinquency was less than the State composite average and the effective return on loans was greater than the New Hampshire State average. The bank's Loan Service department also continued to expand. Loans sold and serviced for other financial corporations approaches eight million dollars.

Looking to the future, the Board unanimously voted to investigate the advantages, costs and feasibility of the possible formation of a bank holding company. A holding company would allow Derry Bank and Trust Company the corporate flexibility necessary to compete in today's markets. This corporate strategy was being used by most of Derry Bank's competitors. Our Board believes that to do likewise was important to the future success of the bank.

It was recognized throughout the development years, that capable motivated people were essential to the bank's continued progress. Many of the employees had five or more years service. Promotions, whenever possible, came from within. Wishing to continue these policies, the Board adopted a qualified Profit Sharing Plan, generally covering employees with more than one year's service.

Gross earnings remained consistently strong; however, net income decreased by 9% from \$271,534 in 1980 to \$247,523 in 1981. The decline was temporary however, due in part to expenditures of a non-recurring nature caused by expansions of plant, facilities and necessary staff.

Common stock dividends increased from 57¢ to 60¢ per share. Dividends have steadily grown and been paid continuously since 1974.

In reviewing the last half of the 1970's, our efforts were primarily directed at strengthening and expanding our penetration of the southern New Hampshire financial market. Our first branch office was located in East Hampstead. Other new locations were added in Candia and Chester. During the two years ended September 30, 1981, major additions to premises and equipment were primarily attributable to new branch offices in Manchester and Derry, New Hampshire, and the expansion and renovation of an existing branch office in Hampstead, New Hampshire. Thus, over the past several years the bank grew rapidly in size and in strength. In 1981, because of the improved market penetration, we experienced the

largest increase in the bank's history. Today assets increased by \$5,676,174 (17.5%) to \$38,159,247. Deposits grew by 15% to \$34,510,070. The sum of all forms of equity capital, subordinated capital notes and reserves also stand at an all-time high at 9/30/81 of \$2,457,373.



1982

1982 WAS OUR BEST YEAR EVER. Despite an uncertain economic outlook, the prospects of Derry Bank and Trust were excellent. Growth was consistently strong throughout the year. Total assets increased to 42.3 million, up 4.1 million at year end. Income and capital growth were dramatically higher, also.

The increase of 85% in net operating income was most gratifying, especially in the unsteady times. Net income for 1982 was \$458 thousand, an increase from the net of \$248 thousand in 1981. The earning improvement continued to be attributed in good part to closely matching interest-sensitive assets and liabilities throughout the year, to reduce to a minimum, the risks associated therein. On a per share basis, net operating income was \$3.19, up from \$1.71 in 1981. The semi-annual dividend was increased to 31¢ per share in February 1982. The new annual rate became 62¢.

Our total capital funds were up to 2.9 million, an increase of 400 thousand at year end.

The Loan Department is well established via our branching network. Outstanding loans increased approximately 2 million during the year. Again, delinquency was less than the State composite average, while the effective return on loans was greater than said average. Another contribution to loan growth and subsequent income resulted by focusing increased attention on the specialized business of loans serviced for other financial corporations. The total of such serviced loans approached 15 million. This area had particular potential for continued expansion.

Operating income from loans grew approximately 23% in 1982 due to the increased volume of loans, and to the gradual increase in interest rates charged for said loans.

Operating with increased liquidity and with a lower loan to deposit ratio has been an on-going policy of the bank over the past several years. Thus, the income from Investments and Federal Funds Sold increased significantly over previous years. Operating income in this area increased by approximately 40% in 1982 over 1981.

Operating expenses naturally increased as the bank grew. During 1982 the increased Interest Expense was due entirely to increased savings and time deposits and to the higher cost of attracting such deposits. Other operating expenses reflect the increase of computer processing, postage, office supplies, occupancy and other related expenses. These increased in proportion to the general growth of the bank. Salaries, wages and employee benefits increased in proportion to the growth of the banks assets and volume. Inflation affected all areas of operations over the past several years, although less severely in 1982.

During September and October 1982, three Automated Teller machines (ATM's) were installed; one at our Drive-Up location in

Derry at Hood Plaza, one in Hampstead, at our Route 111, Shopper's Village location and one in East Manchester, at our Massabesic Street Office. The expanded customer service facilities, a part of the XPRESS 24 automatic teller network.

As of September 30, 1982, the bank employed 58 persons full time and 18 persons part time. It had total assets of more than 42 million, deposits of approximately 39 million, and total capital funds (the sum of all forms of equity, subordinated capital notes and reserves) of approximately 2.9 million.

The Board of Directors approved a plan to reorganize the Derry Bank and Trust Company as a subsidiary of a successor one bank holding company organized in accordance with federal and New Hampshire bank holding company statutes.

Such reorganization was subject to requisite approval by regulatory authorities and shareholders. The holding company was named Cornerstone Financial Corporation.





Excerpts from first

Annual Report

December 31, 1983

CORNERSTONE FINANCIAL CORPORATION



CORNERSTONE FINANCIAL CORPORATION First Annual Report of Holding Company — 1983

*About the Front Cover
First Church Congregational, East Derry, New Hampshire*

On a clear day, approaching Derry on the Nashua Road, one can still spot the spire of this handsome, classical structure! When one drives to East Derry, there is the edifice, surrounded by towering trees. It seems to be a building that is "imprinted" with the clean, white, simple design that is plainly, New England.

The Parish was founded in 1719, the building was erected in 1722; by 1769 a larger one was needed, and built, and high enough for "galleries on three sides" but again, by 1822 was too small! The original spire was also replaced at the time of this expansion, with a Revere cast bell added; the gift of one Jacob Adams. Later, when renovations took place, a second floor was added, leaving the ground floor available for town meetings, a vestry, social gatherings, etc. It is said that it took "400 wt. of cheas, 2,000 biskits, a barl of rum and 5 barl of syder" for the workers to finish the job!

Now, in more recent years, one can hear the beautiful sound of the carillon and chimes, which were dedicated in 1974 as a memorial to Colonel Alan B. Shepard, who was organist at the Church for sixty years . . . the father of our famous Astronaut. When the East winds allow, the sound of this lovely music reaches out across the valleys.

There are memorial windows to many who contributed to the early life in the area, then known as the Main Town. They not only contributed to their Church but to the Community as well. It holds a wealth of history and continues to enhance New Hampshire with its beauty while providing religious services and education to its many Parishioners, who in turn support their Church.

We are proud to have a handsome black ink drawing of First Church Congregational hanging in our Bank. The drawing, done some years ago by Walter St. Clair of Chester, is reproduced for our Annual Report cover. We hope you enjoy seeing it and relish the small bit of background history written here.



History of the Holding Company and the Bank

Notes to Consolidated Financial Statements

and

Change in Fiscal Year

1983

The consolidated financial statements now included the accounts of Cornerstone Financial Corporation and the Derry Bank and Trust Company. The Cornerstone Financial Corporation was organized in 1982 under the laws of the State of New Hampshire as a bank holding company within the meaning of the Bank Holding Company Act of 1956. On September 30, 1982, Cornerstone became a one-bank holding company by acquiring all of the shares of Derry Bank and Trust Company in a two shares for one exchange. This exchange resulted in the bank becoming wholly owned subsidiary of the holding company.

Bank earnings for the year continued strong, for we again reported that 1983 was the best year ever. Net income increased to \$561,048, or \$1.96 per share.

The bank's assets increased by \$11,730,134 (27.76%) to \$53,990,497. Capital funds grew from earnings by \$640 thousand for the period reported, to \$3.5 million.

Outstanding loans increased by approximately \$9 million during the period reported. As with past years, delinquency is less than the state composite average, while the effective return on loans is greater than said average.

The future offered many opportunities and challenges. Proposed and contemplated legislation at the State and National levels would surely alter the image of banks and banking. With our bank holding company in place, we were in an excellent position to take advantage of whatever was ahead.

Cornerstone Financial Corporation adopted a calendar year closing in order to be in compliance with prevailing regional practices in the banking industry. The Derry Bank and Trust Company previously reported on a September 30 fiscal year basis.

At December 31, 1983, \$200,000 of undivided profits was restricted, and unavailable for dividend payments, as a reserve in respect of the 9½% subordinated debentures due April 1986. Such restrictions will increase at the rate of \$50,000 per year through 1986.

Cash dividends of 31¢ per share were paid by the bank to its shareholders during the twelve month period ended September 30, 1983. The next semi-annual dividend to shareholders would be payable by Cornerstone Financial Corporation in February 1984.

Cornerstone Financial Corporation

First Annual Report of Holding Company

1983

About the Back Cover - Sandown Meeting House, Sandown, N.H.

On a small rise, set among towering trees, is the historical Sandown Meeting House. Over 200 years old, it is kept in beautiful condition! From 1778 until 1929, the Town Meetings were held here, although it was built as a house of Worship. But, in those days, structures were made to be "functional" for more than one use!

Perhaps most distinctive and even unique, among New England architecture, is the "Tulip Pulpit" standing 11 feet from the floor and with an over-all measure of almost 30 feet from the base to peak! Also, the large windows all have 28 panes each! No less unusual are the two inch thick planks used for pew benches. And slightly less austere were the "family boxes"; pews with division of a door entrance. The Congregational Society held meetings here, from its completion in 1774, until it dissolved in 1834.

Today, there are not many activities held here. Each year, Old Home Day is observed and the Meeting House opened to visitors. In fact, the first wedding to take place was in 1964! But, there is a caring Community; persons who maintain the building, keeping it inviolate to modernization, respecting the excellence of the original building and its simple, stark and pure line architecture.

Walter St. Clair, of Chester, did the fine ink drawing for us. It has hung in our East Hampstead Branch Office as a tribute and compliment to this handsome building and to the Community of Sandown. It is another of the many distinguished, historical buildings that are so unique to New Hampshire and so appreciated by New Englanders. We are most happy to share this with you.





Cornerstone Financial Corporation

IS A ONE-BANK HOLDING COMPANY
 ORGANIZED AND EXISTING UNDER THE LAWS OF
 THE STATE OF NEW HAMPSHIRE, WHOSE PRIMARY ASSET IS
 DERRY BANK AND TRUST COMPANY WITH OFFICES AT:

Crystal Avenue, Derry, New Hampshire 03038 • 603/432-9517
 Route 111, East Hampstead, New Hampshire 03826 • 603/382-7111
 Route 101, Candia, New Hampshire 03034 • 603/483-2151
 Routes 102 & 121, Chester, New Hampshire 03036 • 603/887-4496
 15 East Broadway, Derry, New Hampshire 03038 • 603/432-9517
 Massabesic and Port Streets, Manchester, New Hampshire 03103 • 603/625-4644
 * North Side Plaza, Manchester, New Hampshire 03104

Member Federal Deposit Insurance Corporation

**To open in 1985*

Derry Bank and Trust Company

History of the Holding Company

and the Bank

Growth Patterns

1984

1984 was another exceptional year. Assets, loans, investments and deposits increased to all time highs. Total assets increased to \$63,212,000 compared with \$53,990,000, an increase of 17.1%. Net income was \$803,888 up from \$561,048 an increase of 43.3%, of this amount 13.2% was paid in dividends and 86.8% retained principally for capital growth. The return on average assets was 1.37%, and the return on average equity was 25.27%. Stockholder's equity in the holding company increased by \$725,430 to \$3,545,998. This increase was recorded after dividends to shareholders totaling \$106,132 and an adjustment between cost of equity securities and their market value.

Two new programs for customers were introduced late in 1984. Over a period of time they should improve our profitability and broaden our base of services provided.

(1) **Keogh Plan Accounts** - Maximum contributions permitted for 1984 were substantially increased by the government making such plans more attractive for self-employed persons.

(2) **Capital Brokerage Services** - This was a discount brokerage service offered by Derry Bank and Trust Company whereby customers could save up to 70% of the full cost of fees charged by brokerage firms.

A second Manchester branch office was approved by regulators. It will be located at the North Side Plaza, Daniel Webster Highway North, and is expected to open in early 1986. It will be a full service facility, featuring two drive-ups and ATM's for added customer service.

During the year 1984 construction of a 6,500 square foot addition to our Broadway office in Derry was completed. Commercial and mortgage loan departments, and executive offices were housed at this location. It is our belief that the downtown Derry area will continue its gradual improvement as the local and southern New Hampshire economy continue to impressively perform.

A list of Directors and Corporate Officers, Derry Bank and Trust Company Officers and management and members of the Advisory Board at December 31, 1984 follows:



EXECUTIVE COMMITTEE AT WEEKLY MEETING

Back Row — Left to Right: William M. Hardy, Glen E. Peabody, Paul T. Phillips, Albert H. Rioux, Sr. Andrew C. Mack; Front Row: Howard S. Dearth, Arnold C. Soney, Niles F. Jensen, John T. Terravecchia, G. Robert Smith, K. Ernest Duckworth.

DECEMBER 31, 1984

Board of Directors — *Cornerstone Financial Corporation and Derry Bank and Trust Company*

We are fortunate in having a Board of Directors of eighteen persons who take an active part in setting Corporate Policy. They bring business and civic leadership acumen that is essential to our success. Each enjoys a fine reputation and contributes in many ways to the growth of your Company.

DIRECTORS — CFC & DBTC CORPORATE OFFICERS — DBTC

Rolfe G. Banister	D.M.D. One Birch Street, Derry, NH 03038
Rajat K. Bhattacharya	M.D. 336 Ash Street, Manchester, NH 03104
Edward D. Bureau Secretary-Clerk	Attorney, Grinnell and Bureau Attorneys 9 Nesmith Street, Derry, NH 03038
Donald L. Cusson	M.D. 540 Chestnut Street, Manchester, NH 03101
Howard S. Dearth First Vice President	Real Estate Broker Box 58, East Derry, NH 03041
William J. DeRemer	Insurance Executive 22 Lenox Road, Derry, NH 03038
William M. Hardy	Retired President, Hardy's Poultry Farm, Inc. P.O. Box 248, Chester, NH 03036
Horace A. Holaday, Jr. Second Vice President	Retired - Oil and Heating Dealer 8 Nesmith Street, Derry, NH 03038
Niles F. Jensen Chairman	Retired President, N.F. Jensen Company 14 Taylor Street, Nashua, NH 03060
Andrew C. Mack Second Vice President	President & Treasurer, Moose Hill Orchards, Inc. RFD#2, Londonderry, NH 03053
George F. Menard	Vice President & Treasurer, P.K. Lindsey Company, Inc. Deerfield Parade, Deerfield, NH 03037
Glenn E. Peabody	Vice President, Peabody Funeral Home 15 Birch Street, Derry, NH 03038
Paul T. Phillips	President, Phillips Refrigeration, Inc. Danville Road, East Hampstead, NH 03826
Albert H. Rioux, Sr.	President, Reo Homes, Inc. RFD #4, Londonderry, NH 03053
G. Robert Smith Senior Vice President	Senior Vice President, Derry Bank and Trust Company 139 N. Adams Street, Manchester, NH 03104
Arnold C. Soney Treasurer	Certified Public Accountant English Range Road, Derry, NH 03038
John M. Terravecchia President, CEO	President, Chief Executive Officer, Cornerstone Financial Corporation and Derry Bank and Trust Company 108 Chester Street, Chester, NH 03036
John J. Zito	Captain, Delta Air Lines Chester St., Chester, NH 03036

DECEMBER 31, 1984

Derry Bank and Trust Company — Advisory Board

We are fortunate in having an Advisory Board of thirteen persons who represent communities near or in the town where our branch offices are located. They all bring leadership qualities as they are active in the business community and in civic and governmental organizations. Each enjoys a fine reputation and contributes to the growth of your Company.

MEMBERS OF ADVISORY BOARD

Ida B. Custeau	P.O. Box 339 East Hampstead, NH 03826
Robert L. Deschenes	Deschenes Reed Samson Agencies, 485 Candia Road Manchester, NH 03102
Gerald L. Durette	The Camera Shop 1168 Elm St., Manchester, NH 03101
Glendon E. Emerson	211 Emerson Avenue Hampstead, NH 03841
Lois H. Flanders	Langford House Realtors South Road, Deerfield, NH 03037
Joseph A. Frost	R.F.D. #1, Box 296F Manchester, NH 03104
Everard E. Goldthwaite	6 Center Circle Plaistow, NH 03865
Josiah R. Gordon	Chester Road Raymond, NH 03077
Donald L. Healy	Admissions Director, St. Anselm's College 226 North Gate Road Manchester, NH 03104
Niles F. Jensen, Jr.	N.F. Jensen Company, 57 Watson Street Nashua, NH 03060
Benjamin F. Lubelczyk	Milligan & Currier Hardware 34 Oakland Ave. Manchester, NH 03103
Donn M. Parker	Owner, WCMX Radio, Leominster, Mass. 62 Coburn Woods Nashua, NH 03063
Norman L. Turcotte	Administrator and Owner, Nursing Homes Derry 03038 and Bedford, NH 03102

DECEMBER 31, 1984

Cornerstone Financial Corporation Officers

Niles F. Jensen, CHAIRMAN OF THE BOARD
John M. Terravecchia, PRESIDENT AND CHIEF EXECUTIVE OFFICER
Edward D. Bureau, SECRETARY
Arnold C. Soney, TREASURER

Derry Bank and Trust Company Officers and Management

MAIN OFFICE: 15 East Broadway, Derry, New Hampshire 03038

John M. Terravecchia, PRESIDENT AND CHIEF EXECUTIVE OFFICER
G. Robert Smith, SENIOR VICE PRESIDENT
K. Ernest Duckworth, VICE PRESIDENT
Robert E. Benoit, VICE PRESIDENT AND CONTROLLER
J. Thomas Mitchell, AUDITOR
Mary Ann Landers, LOAN OFFICER
Joan M. Willey, LOAN SERVICE OFFICER
Marjorie A. Garvin, HEAD BOOKKEEPER
Karen L. Duval, COMPLIANCE OFFICER
Robert K. Dockx, COLLECTIONS MANAGER

CRYSTAL AVENUE: Hood Plaza Office, Derry, New Hampshire 03038

Dolores T. Brusky, ASSISTANT VICE PRESIDENT AND BRANCH MANAGER
Margaret B. deRedon, ASSISTANT VICE PRESIDENT
Carlton H. White, ASSISTANT TREASURER AND LOAN OFFICER
Peggy E. Whiter, SUPERVISOR

HAMPSTEAD OFFICE: Route 111, East Hampstead, New Hampshire 03826

O.A. Lafontaine, Jr., ASSISTANT TREASURER
Joan L. Patten, ASSISTANT BRANCH MANAGER

CANDIA OFFICE: Route 101, Candia, New Hampshire 03034

Dolores M. Smith, ASSISTANT TREASURER

CHESTER OFFICE: Route 102 and 121, Chester, New Hampshire 03036

Katherine E. Zysk, ASSISTANT TREASURER
Deborah J. Cressy, ASSISTANT BRANCH MANAGER

EAST MANCHESTER OFFICE: Massabesic and Porter Street, Manchester, New Hampshire 03103

Catherine A. Gelinas, VICE PRESIDENT
Bonnie A. White, ASSISTANT TREASURER

DERRY PUBLIC LIBRARY
64 E. BROADWAY
DERRY, NH 03038

DERRY PUBLIC LIBRARY



3 4504 00064787 6

DERRY COLL 332.1 cof
Cornerstone Financial Corporation
Holding Company and Derry Bank &
Trust Co.

